

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

TEAL BAY ALLIANCES, LLC

*

Plaintiff

*

vs.

*

CIVIL ACTION NO. MJG-13-2180

SOUTHBOUND ONE, INC.

*

Defendant

*

* * * * *

BENCH TRIAL DECISION

The Court has heard the evidence, reviewed the exhibits, considered the materials submitted by the parties, and had the benefit of the arguments of counsel.

The Court now issues this Decision as its findings of fact and conclusions of law in compliance with Rule 52(a) of the Federal Rules of Civil Procedure. The Court finds the facts stated herein based upon its evaluation of the evidence, including the credibility of witnesses, and the inferences that the Court has found it reasonable to draw from the evidence.

I. INTRODUCTION

Plaintiff Teal Bay, LLC ("Teal Bay") has presented specious claims that - as exposed once the evidence was tested in the

crucible of trial¹ - are utterly meritless. Teal Bay obtained a trademark registration by means of false statements made, and a false document submitted, to the United States Patent and Trademark Office ("PTO") and, thereby, required Defendant Southbound One, Inc. ("Southbound") to defend itself against baseless claims brought in this federal court.

Moreover, Teal Bay had no valid common law trademark infringement claim against Southbound. Teal Bay did not create the word "shorebilly," had no "patent" on the word itself, and it was not the first to use the word commercially - even in its own geographic area.

Teal Bay, although falsely representing to the PTO that it had utilized its purported mark in commerce as a trademark - as distinct from ornamentation on t-shirts - did not actually do so. Hence, Teal Bay did not acquire any trademark rights in its purported mark prior to Southbound's first use in commerce of the name "Shorebilly Brewing Company."

Moreover, even if Teal Bay had established that it had used its mark as a trademark for t-shirts, it utterly failed to establish a likelihood of confusion by Southbound's use of the name "Shorebilly Brewing Company" to identify its establishment

¹ Rather than as represented by Teal Bay in the course of discovery and pretrial submissions.

or to use its name and its logo (totally dissimilar to Teal Bay's) on promotional t-shirts sold at its establishment.

The "bottom line" is that Teal Bay had, and has, no right to interfere with Southbound's use of the name "Shorebilly Brewing Company." Accordingly, the Court shall grant judgment for the Defendant on all claims and order the United States Patent and Trademark Office to cancel Teal Bay's federal trademark registration.

II. FACTUAL FINDINGS

A. Plaintiff

Teal Bay was formed in 2008 by Marcus Rogerson ("Mr. Rogerson") and Barbara Rogerson ("Mrs. Rogerson"), residents of the Ocean City, Maryland area. Mrs. Rogerson is the sole member² of Teal Bay. Mr. Rogerson, a software consultant, has been Teal Bay's sole employee and has billed his customers through Teal Bay for consulting services.

1. Commercial Use Prior to October, 2012³

In about 2010, the Rogersons considered developing a business selling t-shirts and vacation mementos in Ocean City

² Mr. Rogerson referred to her as a "sole proprietor."

³ As discussed herein, Southbound, Inc. first used the name "Shorebilly Brewing Company" in commerce no later than October, 2012.

stores. They intended to name the business "Shorebilly,"⁴ a word that is the seashore context equivalent of "hillbilly"⁵. At the time that the Rogersons considered naming their business Shorebilly, there were several ongoing commercial uses of the name in the Ocean City (Eastern Shore) area and elsewhere. For example, Shorebilly Camping, Shorebilly Restoration & Fabrication, a fertilizer company using shorebilly.com, and a musical band named "Shorebilly." Also, "Shorebilly" was a common username on a variety of online forums.

On or about May 30, 2010, Mr. Rogerson created a car bumper sticker referring to "Shorebilly Surf'n Life" that he provided at no cost to some Ocean City businesses to give to their customers.

⁴ Mr. Rogerson testified that he recalled his father-in-law using the term in conversation when they would visit him in Ocean City. The Rogersons thought that visitors to Ocean City might identify with the shorebilly lifestyle while vacationing and buy "shorebilly" themed souvenirs and mementos.

⁵ In 2005, the Urban Dictionary, a web-based dictionary of slang or cultural words, defined shorebilly as "[a] surfer with no life beyond the beach. A territorial surfer. A hillbilly of the shore. Derogatory term." Urban Dictionary 2005.



Pl.'s Ex. 10.

The wave "artwork" on the bumper sticker was not created by Mr. Rogerson but from downloaded freely-available clipart. The bumper sticker had on it the symbol "TM" (indicating an unregistered trademark)⁶ but had no reference to any particular service or product. Nor was there, at that time, any "shorebilly" identified product or service offered by Teal Bay.

At about the same time, Mr. Rogerson produced, and gave away, another 1,000 car bumper stickers that used the word "shorebilly" in a form suggestive of a fish.

⁶ A "TM" designation means that the user of the trademark asserts that the word, phrase, design, or whatever it is, is a common law trademark owned by the user. 3 McCarthy on Trademarks and Unfair Competition § 19:148 (4th ed.).



Pl.'s Ex. 124.

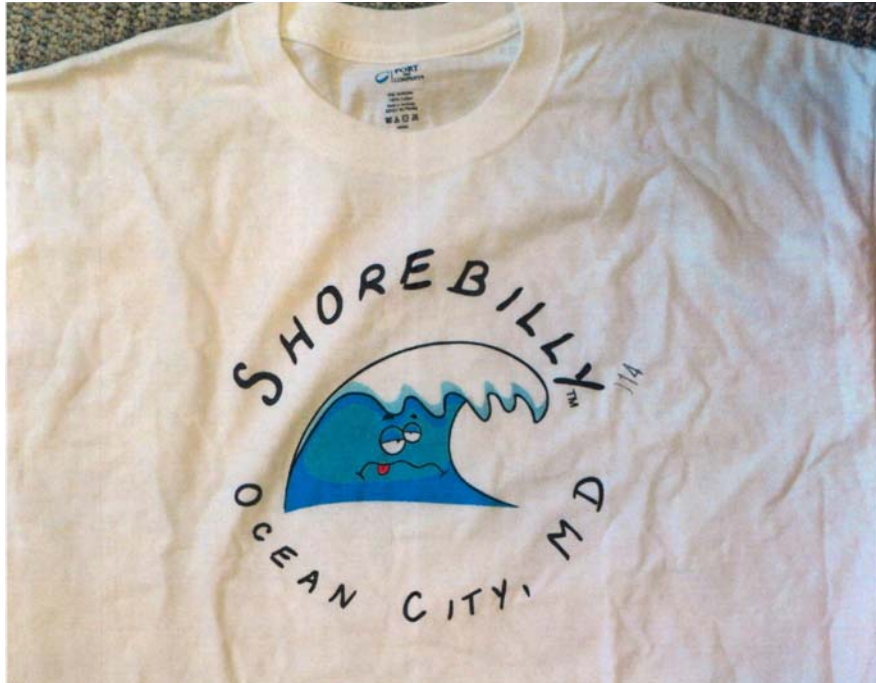
The fish-themed bumper sticker, like the wave-themed one, contained no reference to any particular service or product. Nor was there, until at least a year later, any use of the word "shorebilly" in any manner connected with any product or service offered by Teal Bay.

Over the next few months, Mr. Rogerson began noticing the stickers appearing on cars in the Ocean City area. He decided to have Teal Bay proceed to produce t-shirts for sale using the wave artwork and to apply for federal trademark registration of the name "Shorebilly."

In March 2011, Teal Bay ordered 1,000 t-shirts from Logo Dogz Printz ("Logo Dogz")⁷ using the clipart wave artwork that

⁷ Logo Dogz is a custom t-shirt screen printer found on the internet at <http://www.logodogzprintz.com>. It advertises that it has "thousands of different brands and apparel styles to choose from for all your t-shirt printing custom printed shirt needs." See <http://www.logodogzprintz.com>.

had been on the first car bumper sticker. The t-shirts were manufactured by Port & Company and carried a Port and Company label.



Pl.'s Ex. 12.

When the t-shirts arrived, Mr. Rogerson took 30 of them to Mike's Shell, an Ocean City gas station and store, to be offered for sale on consignment. See Teal Bay Consignment Sale Agreement, March 21, 2011, Pl.'s Ex. 14. The Rogersons also sold a few t-shirts to family, friends, and neighbors directly, either by mail or from the trunk of their car. On March 30, 2011, the Rogersons sold some t-shirts to Mrs. Rogerson's mother, Constance Coolick, and sent them to her in Virginia.

In November 2011, Mr. Rogerson delivered a second consignment of 100 t-shirts to Mike's Shell.⁸ Teal Bay received \$5.00 per shirt, collected periodically through use of a cash envelope kept under the cash register at the store. In December, 2011 Mr. Rogerson met with a small business advisor, Lois Haggerty, in Salisbury, Maryland to get ideas for how to promote the business and develop a business plan and had a follow-up telephone conversation in January 2012.

Teal Bay's only other pre-October 2012 marketing efforts consisted of Mr. Rogerson's devoting some time networking and meeting with additional Ocean City retailers about consignment and the creation of a Shorebilly Facebook page.

2. The Trademark Registration Application

Using internet search engines and the search tools available from the PTO, Mr. Rogerson satisfied himself that no one else had registered the name "Shorebilly" as a trademark.

On April 20, 2010, Mr. Rogerson electronically filed an Intent to Use trademark application⁹ for the word "shorebilly" to identify clothing items including hats, t-shirts, sweatshirts,

⁸ Presumably, the first 30 shirts had been sold. Mike's Shell was the only retailer selling t-shirts under consignment prior to Southbound's first use of the name "Shorebilly Brewing Company."

⁹ The application was filed under the name Barbara L. Rogerson DBA Teal Bay Alliances, LLC. Pl.'s Ex. 9.

and golf shirts, as well as bumper stickers, coffee mugs, cups, drink huggies, and posters.

In July 2010, the PTO issued an Office Action requesting clarification of who was applying for the mark and for what classes of goods. Mr. Rogerson responded by telephone, spoke to a PTO examiner, and asked for guidance. Teal Bay modified the application in September 2010 to reflect that it was filed by Teal Bay and was limited to clothing (Class 25).

On December 21, 2010, the PTO issued a Notice of Allowance stating that Teal Bay had six months to file either a Statement of Use or an extension request. Def.'s Ex. 5. As noted above, in March 2011, Teal Bay purchased and began to sell t-shirts displaying the proffered mark.



On June 6, 2011, Teal Bay filed its Statement of Use with the PTO. Def.'s Ex. 4. Teal Bay submitted, as the required specimen of use in commerce, the design drawing of the t-shirt

from the Logo Dogz order, stating "shirts in retail stores¹⁰ now."



Id.

The Teal Bay Statement of Use indicated that the first use of the mark anywhere was May 30, 2010 (a date referring to the first bumper sticker).¹¹ Teal Bay further stated that the date of the first use in commerce was March 30, 2011, referring to t-shirts sold to Mrs. Rogerson's mother in Virginia.

On June 12, 2011, the PTO responded that the specimen provided with the Statement of Use was not acceptable, stating:

The specimen is not acceptable because it is a drawing of a shirt bearing the mark and thus does not show the applied-for mark in use in commerce. As such, they are not disseminated to the public and do not show use of the mark in the ordinary

¹⁰ In fact Teal Bay's t-shirts were, at the time - and at all times relevant hereto, in only one store - Mike's Shell.

¹¹ In August 2013, Teal Bay requested that the date be corrected to March 21, 2011, which corresponds with the Consignment Sales Agreement with Mike's Shell for t-shirts. See Pl.'s Ex. 3.

course of trade on the actual goods that are sold or transported in commerce.

. . . .

Therefore, applicant must submit the following:

(1) A substitute specimen showing the mark in use in commerce for each class of goods specified in the application; and

(2) The following statement, verified with an affidavit or signed declaration under 37 C.F.R. S2.20: "The substitute specimen was in use in commerce at least as early as the filing date of the application." 37 C.F.R. s2.59(a); TMEP S904.05; see 37 C.F.R. S2.193(e)(1). If submitting a substitute specimen requires an amendment to the dates of use, applicant must also verify the amended dates. 37 C.F.R. S2.71(c); TMEP S904.05.

Def.'s Ex. 3 (emphasis added).

After receipt of this communication, Mr. Rogerson telephoned the PTO and spoke with an examiner. The Court finds¹² that, in this discussion, Mr. Rogerson was informed of the distinction between ornamental use and trademark use of a brand name. The examiner specifically referred to the use of the Polo and Izod trademarks on shirts as illustrative of trademark rather than ornamental use. The Court finds that Mr. Rogerson became concerned that a PTO examiner making an administrative

¹² This finding is based upon the Court's evaluation of Mr. Rogerson's testimony, the admissions therein, and the inferences it finds reasonable to draw from the other evidence, particularly Mr. and Mrs. Rogerson's actions following the discussion.

determination¹³ would find a photograph of the t-shirts that had been actually sold as reflecting an ornamental, rather than trademark, use of the proffered mark.

Accordingly, Mr. Rogerson, after his discussion with the PTO examiner, placed an order with Vistaprint, an online supplier of print-on-demand products, for three sample t-shirts using the proffered "Shorebilly" mark in the Polo and Izod fashion that the examiner had told him was illustrative of a proper trademark use.

¹³ As stated in the PTO examiner's procedure manual:

The examining attorney must also consider the size, location, and dominance of the proposed mark, as applied to the goods, to determine whether ornamental matter serves a trademark function. A small, neat, and discrete word or design feature (e.g., small design of animal over pocket or breast portion of shirt) may be likely to create the commercial impression of a trademark, whereas a larger rendition of the same matter emblazoned across the front of a garment . . . may be perceived merely as a decorative or ornamental feature of the goods.

TMEP § 1201.03(a) (internal citations omitted).



Def.'s Ex. 7.

When the three sample t-shirts arrived from Vistaprint, about the end of July 2011, Mr. Rogerson took a photograph of one of them for submission to the PTO as if it were a genuine specimen of Teal Bay's March 2011 actual use in commerce of the proffered mark. There has never been any commercial use of these samples, nor have there ever been any t-shirts produced pursuant to the samples. Rather, Teal Bay continued to offer for sale the t-shirts it had in inventory.¹⁴

On August 5, 2011, Teal Bay filed its Statement of Use with the PTO, submitting a photograph of one of the Vistaprint samples as a purported specimen of the actual March 2011 use in commerce of the proffered mark.

¹⁴ In regard to Teal Bay's inventory, the Court notes that, in March 2014, during the pendency of the instant lawsuit, Teal Bay falsely stated to the State of Maryland that it had no inventory in order to evade its business personal property tax liability.

The document was signed by Barbara L. Rogerson, Proprietor, stating:

The undersigned, hereby being warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements may jeopardize the validity of the application or any resulting registration, declares . . . that all statements in the original application and this submission made of the declaration signer's knowledge are true; and all statements in the original application and this submission made on information and belief are believed to be true.

Def.'s Ex. 1 (emphasis added).

The document, however, falsely represented that the submitted photograph was a specimen of the March 2011 first use in commerce of the mark for which trademark registration was sought.

On October 18, 2011, relying upon the false specimen submitted by Teal Bay - showing a Polo/Izod trademark type use of the mark - the PTO issued federal Trademark Registration No. 4,042,880 for "Shorebilly" to Teal Bay for "clothing, namely, hats, t-shirts, sweatshirts, and golf shirts." Pl.'s Ex. 4.

Teal Bay has offered neither evidence nor any plausible explanation to provide an innocent reason for (1) the failure to provide the PTO with a specimen constituting a photograph of the t-shirts showing its actual first use in commerce of the

proffered mark, and (2) falsely stating to the PTO that a specimen constituting a photograph of the sample t-shirts was a genuine specimen of its use of the proffered mark in commerce in March 2011. The Court finds that these actions were taken with the intent to deceive the PTO into making a determination as to the trademark, rather than ornamental, use of the proffered mark based upon a specimen showing a materially different use than was on the actual goods that were sold in commerce. Thus, without having made an administrative determination in regard to the actual use of the mark in commerce, the PTO issued the trademark registration based on which Teal Bay has filed the instant case in federal court.¹⁵

B. Defendant

Since about 2004, Defendant, Southbound, owned by Daniel Robinson ("Mr. Robinson"), operated Hammerheads Bar & Grill ("Hammerheads") on the boardwalk in Ocean City, Maryland.

¹⁵ On August 5, 2013, after filing the instant lawsuit, Teal Bay filed a request with the PTO to amend its trademark application to correct the date of first use to March 21, 2011 so it related to t-shirts rather than stickers, and to amend the goods covered to be, simply, t-shirts.

In the fall of 2011, Mr. Robinson began making plans to expand his restaurant and bar business with a nano-brewery¹⁶ to be located near Hammerheads. Unaware of Teal Bay's use of the "Shorebilly" name, Mr. Robinson felt that "Shorebilly Brewing Company" would be an appropriate name for the brewery. He performed some informal research.¹⁷ He found several local commercial uses of the word "shorebilly" in his google searches including a campground, a skeet-shooting site, an eastern shore blog called "Shorebilly's Swill," and Teal Bay's trademark application for clothing.

Mr. Robinson did not believe that any of the uses of the word "shorebilly" he found affected his ability to use the name "Shorebilly Brewing Company" for the nano-brewery and decided to proceed with that name. On November 14, 2011, Mr. Robinson registered six domain names for future promotional use; all were variations of ShoreBilly Beer or ShoreBilly Brew.¹⁸

¹⁶ A very small scale brewery, even smaller than a micro-brewery, it brews about two kegs of beer, or 31 gallons, at a time. This would be the first brew-pub in Ocean City.

¹⁷ Performing Google searches, checking internet domain names, and by asking others for feedback.

¹⁸ The first six domains that Mr. Robinson reserved were ShoreBillyBeer.com, ShoreBillyBrew.com, ShoreBillyBrewery.com, ShoreBillyBrewing.com, ShoreBillyBrewingCo.com, and ShoreBillyBrewingCompany.com. Pl.'s Ex. 175. He also registered other domain names that did not include the ShoreBilly name such as MarylandBeer and LocalOceanCityBeer.

By February 2012, Mr. Robinson had created a placeholder Shorebilly Beer Facebook page, which was not yet public. He decided it was time to contact a trademark lawyer to inquire about using and protecting the Shorebilly name for his beer and brewery. He was referred to Erik Pelton, Esquire ("Mr. Pelton") and retained him as counsel on February 9, 2012.

On March 16, 2012, Mr. Pelton, as counsel for Southbound, filed an Intent to Use application with the PTO for "shorebilly" for Class 43: bar, nightclub, brew pub, brewery, and restaurant services. Pl.'s Ex. 149. Mr. Robinson continued to move forward with planning, preparation, and promotion for the new business. He published the Shorebilly Beer Facebook page that he had earlier reserved. In late March 2012, he ordered 288 t-shirts to use promoting Shorebilly Brewing Company.



Pl.'s Ex. 30.

In June 2012, the PTO issued an Office Action rejecting the Southbound application because of its similarity to Teal Bay's registered trademark. Mr. Pelton had warned Mr. Robinson of this possibility but told him that he would respond with the clarification that the names were being used in different categories of goods - clothing vs. beer - and advised that it was reasonable to expect that such a response would be satisfactory to the PTO. Mr. Pelton filed a lengthy response to the PTO. Mr. Robinson continued his efforts promoting Shorebilly Brewing Company.

In September 2012, a local Ocean City newspaper wrote an article about a new boardwalk brewery being opened by the owner of Hammerheads. The article included photographs of Mr. Robinson wearing the then-current version of a Shorebilly Brewing Company t-shirt surrounded by Shorebilly Brewery beer bottles and growlers.¹⁹

Mrs. Rogerson heard about the new brewery at her daughter's school, and one of the teachers gave her the newspaper article. She checked out the Facebook page and decided to go visit the location referenced. While there, in October 2012, she purchased one of the Shorebilly Brewery t-shirts.

¹⁹ In Worcester County, breweries are allowed to fill a container called a "growler" with beer produced on site for the customer to take out.

Accordingly, Teal Bay cannot dispute that it knew, no later than October 2012, that Southbound was using the name "Shorebilly Brewing Company" in commerce in Ocean City, Maryland and offering t-shirts for sale with that name on them.

C. The Dispute

On October 9, 2012, Teal Bay, through a lawyer, sent Southbound a "cease and desist" type letter. The letter referenced the rejection of Southbound's registration application and stated, in part:

It has recently come to my client's attention that you intend to use SHOREBILLY in connection with a new bar/restaurant in Ocean City. . . . [W]e are reasonably confident that the [PTO Examiner's] rejection will be made "final" - at least in the absence of a written Consent To Register executed by our client.

We feel that you would want to select and use a mark that can be registered and protected in the future under the federal Trademark Act. Since that is not going to happen in the case of SHOREBILLY, we respectfully request that you file an Express Abandonment of Application

Def.'s Ex. 48.²⁰ The letter requested a response within two weeks.

²⁰ The letter was sent directly to Mr. Robinson although Mr. Pelton was copied.

Mr. Pelton responded for Southbound, stating:

We disagree with the claims contained in your letter. You (sic) client's goods - shirts and hats - are very different from the services of my client, a restaurant and brew pub. Undoubtedly, many marks with different owners co-exist on the trademark register for restaurant services and clothing. In addition, your client's use of the mark appears to be ornamental and the extent of its use of the mark appears to [be] minimal. Furthermore, there are multiple other parties using "Shorebilly" as part of a brand name for services including a musical band, a camping website, and sporting clay tournaments. Given these facts, along with the clear differences between the relevant restaurant services and clothing goods, we believe there is no likelihood of confusion.

Notwithstanding the above, Southbound is willing to (a) amend its mark and its USPTO application to SHOREBILLY BREWING COMPANY, (b) agree never to use a logo similar to that of Teal Bay Alliances, and (c) agree, when using the mark on clothing, never to use "Shorebilly" apart from "Shorebilly Brewing Company" and to reference the restaurant and brew pub; provided that Teal Bay Alliances will consent to such registration and use of the amended mark.

If your client wishes to discuss such an agreement or any other mutually beneficial resolution, we request that it provide us with evidence of use of its mark in commerce on the goods contained in the USPTO registration.

Def.'s Ex. 44.

Neither Mr. Pelton nor Mr. Robinson received a reply from Teal Bay or its lawyer. Nor was the requested evidence of Teal Bay's use of its mark in commerce ever provided.

Southbound filed its response to the Office Action on December 21, 2012. The PTO provided preliminary approval of the Southbound registration of "Shorebilly" on January 5, 2013. Southbound then selected a logo for its signs and promotions. As can be seen, the Shorebilly Brewing Company logo had no similarity to the Teal Bay proffered mark:



The PTO published Southbound's "Shorebilly" trademark for opposition on February 26, 2013. Teal Bay did not file any opposition. The PTO issued the Notice of Allowance to Southbound on April 23, 2013 for bar, nightclub, brew pub, brewery, and restaurant services.

Southbound then ordered more t-shirts and other merchandise utilizing the Shorebilly Brewing Company name and proceeded to sell these on its premises.



Pl.'s Ex. 77.

A "soft" opening of Shorebilly Brewing Company was held May 17-24, 2013, and the Grand Opening was held on May 29, 2013.

In early June 2013, Mr. Rogerson contacted Mr. Robinson about meeting to discuss the "Shorebilly" trademark. Mr. Robinson consulted his attorney, who reminded him that Teal Bay had never responded to their previous letter requesting evidence of use of the Teal Bay mark in commerce and had not opposed the trademark. Teal Bay's lawyer wrote to Mr. Pelton on June 19, 2013, expressing concern over the possibility of reverse confusion given the publicity and growing popularity of the Shorebilly Brewing Company. The letter concluded with a request for a response within two weeks and stated:

Notwithstanding the foregoing comments, it is my client's hope and desire to search for a business resolution to this dispute, rather than engaging in costly litigation that benefits neither of the parties. It is, however, absolutely imperative that my client be able to protect its own mark and the goodwill therein. That is something which can only be accomplished through a licensing relationship between our respective clients whereby control over the nature and quality of the use of SHOREBILLY . . . at least in connection with nonfood, collateral products - remains in the hands of my client. . . .

Def.'s Ex. 51. Mr. Robinson attempted, unsuccessfully, to speak with Mr. Rogerson to resolve the dispute without the need for litigation.

On July 26, 2013, Teal Bay filed the instant lawsuit against Southbound in this United States District Court claiming infringement of its federally registered trademark. When it became apparent that the dispute could not be resolved promptly, and concerned about the cost of litigation, Mr. Robinson made the business decision to select a new name for the nano-brewery and to abandon Southbound's pending trademark application for "Shorebilly."

Mr. Robinson, hoping to end the instant litigation without further expense, notified Teal Bay of his intent in November 2013, and announced the new name - Backshore Brewing Company -

on January 24, 2014. Teal Bay, however, persisted with the instant case claiming damages on various theories.²¹

III. DISCUSSION

Teal Bay has sued Southbound for trademark infringement and unfair competition under the Lanham Act and Maryland common law. Teal Bay claims that Southbound's use of the name "Shorebilly Brewing Company" infringed its trademark rights in the name "Shorebilly" - under both federal and state law and constituted unfair competition under Maryland law.²²

To succeed on its federal and state trademark infringement claims, Teal Bay must prove that it had a valid and protectable mark, and if so, the likelihood of confusion resulting from Southbound's alleged infringing use. George & Co. LLC v. Imagination Entm't Ltd., 575 F.3d 383, 393 (4th Cir. 2009)(citing 15 U.S.C. § 1114(1)(a)).

As discussed herein, the Court concludes that:

- Teal Bay did not acquire any valid trademark rights prior to Southbound's first use in commerce of the name "Shorebilly Brewing Company."

²¹ No purpose would be served by detailing herein the implausibility of the damage theories Teal Bay has presented.

²² "The test for trademark infringement and unfair competition under state law is the same as the test under the Lanham Act." Sterling Acceptance Corp. v. Tommark, Inc., 227 F. Supp. 2d 454, 460 (D. Md. 2002) (citing Microsoft Corp. v. Grey Computer, 910 F. Supp. 1077, 1088 (D. Md. 1995)).

- Teal Bay's PTO trademark registration was defective and should be cancelled.
- Southbound's use of the name "Shorebilly Brewing Company" was not likely to cause confusion for purposes of any trademark infringement or unfair competition claim on the part of Teal Bay.

A. Teal Bay Had No Valid Trademark Rights

1. Effect of Registration

A trademark registered with the PTO is presumptively valid. OBX-Stock, Inc. v. Bicast, Inc., 558 F.3d 334, 342 (4th Cir. 2009)(citing 15 U.S.C. 1057(b)). "But entry on the Principal Register does not shift the burden of persuasion on validity, merely the burden of production." Id. The presumption of validity has the effect of shifting the burden to the party challenging a registered mark to produce sufficient evidence to rebut the presumption. Retail Servs., Inc. v. Freebies Publ'g, 364 F.3d 535, 542 (4th Cir. 2004). "The presumption . . . does not preclude one charged with infringement from collaterally attack[ing] in an infringement action, either by way of an affirmative defense or by way of a counterclaim seeking cancellation of the registration." Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1529 (4th Cir. 1984)(internal quotations omitted).

2. Failure to File a Genuine Specimen

In the instant case, Teal Bay's application was for an intent to use a trademark since it filed April 20, 2010 and the claimed first use in commerce on t-shirts commenced March 21, 2011. An application for a trademark requires the applicant to provide a specimen of the mark as it is used in commerce. 15 U.S.C. § 1051. Therefore, Teal Bay was required to file a Statement of Use, including a specimen of the actual use in commerce of the mark, within six months²³ after the date on which the PTO issued a Notice of Allowance. Teal Bay's Notice of Allowance was issued on December 21, 2010.

"Specimens are required because they show the manner in which the mark is seen by the public." Trademark Man. Of Exam. Proc. ("TMEP") 904. "A trademark specimen is a label, tag, or container for the goods, or a display associated with the goods." 37 C.F.R. § 2.56(b)(1). "A photocopy or other reproduction of a specimen of the mark as actually used on or in connection with the goods, or in the sale or advertising of the services, is acceptable." 37 C.F.R. § 2.56(c). "[T]he specimen may not be a 'picture' of the mark, such as an artist's drawing or a printer's proof that merely illustrates what the mark looks

²³ Upon request, an extension of six months will be allowed for provision of the statement of use and specimen. 15 U.S.C. § 1051. Further extensions may be allowed upon a showing of good cause, but not to exceed 30 additional months. Id.

like and is not actually used on or in connection with the goods in commerce." TMEP § 904.

If a filed specimen is not acceptable, a substitute specimen must be provided together with an affidavit verifying that the substitute is in use in commerce, and was in use in commerce as of the pertinent date. Id.

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce--

(1) on goods when--

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce.

15 U.S.C. § 1127.

Teal Bay's initial specimen was a design drawing of a t-shirt with the clipart wave graphic on the chest front.



Def.'s Ex. 4.

This was rejected by the PTO, leading to Mr. Rogerson's telephone conference with a PTO examiner. As discussed above, with the intent to mislead the PTO, Teal Bay created and filed a purported specimen (never used in commerce) that presented a Polo or Izod type of use of the proffered mark rather than the actual use in commerce.



Def.'s Ex. 7 (specimen).



Pl.'s Ex. 12 (actual).

Relying upon Teal Bay's misrepresentation that the specimen genuinely showed the actual use in commerce of the proffered mark, the PTO issued Teal Bay the requested registration.

The Court finds that the PTO registration was issued without administrative consideration of Teal Bay's actual use in commerce of the proffered mark. Hence, there was no genuine administrative finding regarding the validity of the proffered trademark.²⁴

Teal Bay states that the question of whether a specimen is acceptable is "solely an ex parte examination issue and does not constitute a valid ground for cancellation." ER Marks, Inc. v. Quarles Petroleum, Inc., Cancellation No. 92043631 (T.T.A.B. May 30, 2007)(non-precedential). That may be correct in regard to an administrative decision that a specimen considered by the PTO reflected a trademark use of the proffered mark. However, where, as in the instant case, the PTO was prevented by the applicant from making a determination based on the actual use of the proffered mark in commerce, the registration has no validity. The registration should be cancelled so that it cannot again be relied upon by Teal Bay.

Certainly, the Court has the power to "order the cancelation of registrations, in whole or in part . . . and

²⁴ Teal Bay argues that the mark as shown on the substitute specimen provided to, and accepted by, the examiner is the same mark as used on t-shirts actually sold in commerce, i.e., it was the same image even though smaller and located differently. However, it was not a change in the image itself but the change in the size and location of the proffered mark that materially misled the PTO.

otherwise rectify the register with respect to the registrations of any party to the action." 15 U.S.C. § 1119; Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 13 (2d Cir. 1976). The Fourth Circuit has held that a federal court acting under its Lanham Act cancellation powers is limited to the grounds that restrain the Trademark Trial and Appeals Board ("TTAB") in an administrative cancellation proceeding. Shakespeare Co. v. Silstar Corp. of Am., 9 F.3d 1091, 1098 (4th Cir. 1993).

The TTAB has stated that "[t]he sufficiency of the specimens submitted with an application is a technical question which is within the province of the Examining Attorney to determine, and it is not within the function of this Board to supervise the Examining Attorney." Century 21 Real Estate Corp., 10 U.S.P.Q.2d 2034 (T.T.A.B. Jan. 17, 1989). TTAB, however, also stated:

While the Board is not bound by the decision of the Examining Attorney, in that the mere acceptance of specimens by the Examining Attorney does not mandate a finding by us that [trade] mark usage was made, it is not the adequacy of the specimens, but the underlying question of [trade] mark usage which would constitute a proper ground for opposition.

The reason why unacceptable specimens, per se, should not be a ground for opposition becomes apparent when one considers the purpose of specimens. The specimens are to show the mark as it is actually used, so that it can be determined

whether the matter for which registration is sought is being used as a trademark Objections to the specimens made by the Examining Attorney during examination are not actually to the acceptability of the specimens themselves, but are that the specimens do not show trademark use of the matter for which registration is sought. Thus, in the present case, even assuming, arguendo, that applicant's specimens are unacceptable, if the Examining Attorney had refused registration based on them it would have been because they did not show that applicant's mark was being used as a [trade] mark, and the ground for refusal would have been, not the insufficiency of the specimens, but that the matter did not function as a mark.

Id. (emphasis added).

The TTAB has found a registration void ab initio because specimens did not demonstrate use in commerce. See CPC Int'l Inc. v. Skippy, Inc., 3 U.S.P.Q.2d 1456 (T.T.A.B. May 28, 1987); In Re Goldencare Corp., 1998 WL 353727, at *6 (T.T.A.B. June 30, 1998). Also, at least one district court has found that an invalid specimen constituted sufficient ground for cancellation of the mark. Horizon Healthcare Servs., Inc. v. Allied Nat., Inc., No. CIV.A. 03-4098 (JAG), 2006 WL 344277, at *6-7 (D.N.J. Feb. 14, 2006) (finding that registration would have been refused if the examiner had known that the specimen was not in actual use in commerce).

In the instant case, the Court finds cancellation appropriate.

Moreover, as discussed below, even if the registration had been properly obtained so that validity was presumed, the Court would nevertheless find that Teal Bay had no valid trademark right in the name "Shorebilly" prior to Southbound's first use in commerce of the name "Shorebilly Brewing Company."

3. The Absence of Trademark Use

If Teal Bay had a valid trademark registration of the name "Shorebilly," the trademark would be presumed valid, shifting the burden to Southbound to produce sufficient evidence to rebut the presumption. OBX-Stock, 558 F.3d at 342, Retail Servs., 364 F.3d at 542. Southbound has, however, amply carried that burden.

As discussed, Southbound first used the name "Shorebilly Brewing Company" in commerce no later than October 2012 when, as she testified, Mrs. Rogerson bought a Shorebilly Brewing Company t-shirt from Southbound. The Court finds as a fact that Teal Bay's use of the name "Shorebilly" prior to October 2012²⁵ was ornamental and not a trademark use.

²⁵ In the summer of 2013, after Southbound's first use in commerce of "Shorebilly Brewing Company" and after the filing of the instant lawsuit, Teal Bay took some actions - such as using hangtags and labels - that could be considered to be trademark, rather than ornamental, usage of the name "Shorebilly."

"Trademark usage is typically immediately evident. Usually, when viewed in context, if it is not immediately obvious that this ornamental design is being used as an indication of origin, then probably it is not." 1 McCarthy on Trademarks and Unfair Competition § 7:24 (4th ed.). There is no bright-line rule for making a determination whether or not a mark is purely ornamental in nature. Id. Whether a plaintiff uses its design merely as ornamentation or also to indicate origin is a question of fact. Bobosky v. Adidas AG, 843 F. Supp. 2d 1134, 1143 (D. Or. 2011).

Certainly, a decorative design on wearing apparel that is also the recognizable logo of a wearing apparel designer or maker is immediately recognized as a trademark use. See U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc., 800 F. Supp. 2d 515, 528 (S.D.N.Y. 2011). And "[i]t is well-established that even use of a mark as ornamentation on apparel manufactured by others qualifies as trademark use as long as the mark also serves the trademark purpose of identifying the source of the product." Bobosky, 843 F. Supp. 2d at 1143. For example, the ornamentation may function to identify the item's secondary source, such as occurs with the insignia of a college or other sponsor. Id. But if a designation is solely ornamental, it cannot be a trademark. Id.; Go Pro Ltd. v. River Graphics,

Inc., No. CIVA01CV600JLK, 2006 WL 898147, at *3-4 (D. Colo. Apr. 5, 2006).

The commercial impression of the proposed mark is a key factor. Bobosky, 843 F. Supp. 2d at 1145. (citing TMEP § 1202.03(a)); Ithaca Indus., Inc. v. Essence Commc'ns, Inc., 706 F. Supp. 1195, 1207 (W.D.N.C. 1986). That impression is affected by the size, location, and dominance of the proposed mark, as applied to the goods. TMEP § 1202.03(a).

The larger the display relative to the size of the goods, the more likely it is that consumers will not view the ornamental matter as a mark. See, e.g., In Re LS&S Retail, Inc., 2010 WL 4036046, at *8 (T.T.A.B. Sept. 30, 2010) ("the specimen shows the proposed mark prominently displayed in the upper center portion of the t-shirt. . . . in a manner that immediately catches the eye. . . . support[ing] the conclusion that the proposed mark would serve an ornamental rather than a source-identifying function"); In re Pro-Line Corp., 28 U.S.P.Q.2d 1141, at *2 (T.T.A.B. Aug. 16, 1993) (determining that the applicant's use of the phrase "Blacker The College Sweeter The Knowledge" on t-shirts was not trademark use because the phrase "appears in large, bold letters centered on the shirt, filling virtually the entire upper half of the shirt" and the "prominent display of the phrase immediately catches the

eye," and "therefore, is not likely to be perceived as anything other than part of the thematic whole of the ornamentation of the applicant's shirts").

Teal Bay included the "TM" symbol on the t-shirts at issue. However, "[m]ere intent that a phrase function as a trademark is not enough in and of itself to make it a trademark." In Re Pro-Line Corp., 28 U.S.P.Q.2d 1141, at *2.²⁶ Moreover, the fact that the display on the t-shirts may have been a trademark for some product or service by no means leads to the conclusion that the product or service the symbol referred to was the t-shirt being sold. Rather, the use of the proffered "Shorebilly" mark on the t-shirts sold by Teal Bay is most reasonably viewed as the display of a trademark for a product other than the t-shirt itself. For example, as for Coca Cola in the following picture:



²⁶ See, e.g., In re Sones, 590 F.3d 1282, 1289 (Fed. Cir. 2009)(noting that the use of the "TM" designation was not dispositive); In re Remington Products Inc., 3 U.S.P.Q.2d 1714, at *2 (T.T.A.B. Jan. 29, 1987)("Use of the letters 'TM' on a product does not make unregistrable matter into a trademark.").

Indeed, the t-shirts sold by Teal Bay carried the label of Port and Company, indicating that Port and Company was the source for the t-shirt as distinct from the source of whatever product or service may have been referred to by "Shorebilly."

Accordingly, the Court finds that Teal Bay did not, prior to Southbound's first use in commerce of "Shorebilly Brewing Company" use the name "Shorebilly" in commerce as a trademark.

In essence, Teal Bay seeks to claim, but is by no means entitled to, what amounts to patent or copyright type protection for the word "shorebilly." As stated in OBX-Stock, 558 F.3d at 339-40:

[T]he law [] protects the "linguistic commons" by denying mark holders an exclusive interest in words that do not identify goodwill attached to products or product sources but rather are used for their common meaning or meanings not indicative of products and product sources.

In Damn I'm Good, Inc. v. Sakowitz, Inc., 514 F. Supp. 1357, 1360 (S.D.N.Y. 1981), the plaintiff contended that it had exclusive rights in the words "Damn I'm Good" regardless of the product to which the words applied. The court rejected such a claim, referring to it as "a sweeping claim that would preempt, if not monopolize, the phrase solely in plaintiff's favor." 514 F. Supp. at 1362-63.

The bottom line is that, as of Southbound's first use in commerce of the name "Shorebilly Brewing Company," Teal Bay had not used the name "Shorebilly" in a trademark, rather than an ornamental, manner.

4. Secondary Meaning

"A designation used as ornamentation rather than as a source indication may nonetheless accrue trademark rights if the designation acquires secondary meaning." Go Pro, 2006 WL 898147, at *5. Secondary meaning may be established through proof that an appreciable number of consumers are familiar with the mark and the product or services connected to the mark." Id.

Teal Bay did not, by any means, prove that secondary meaning in the name "Shorebilly" had been acquired by the time Southbound first used its name in commerce no later than October 2012.

Teal Bay did not establish a website, join the CafePress online store or hang tags on products until well after Southbound's first use in commerce of the name "Shorebilly Brewing Company." Indeed, by the time Teal Bay filed the instant lawsuit, it had sold or given away no more than about

150 t-shirts²⁷ and spent only a little more than \$100 on promotion and advertising, including the cost of t-shirts given away.

The Court finds that Teal Bay's proffered "Shorebilly" mark had not acquired secondary meaning, such that it served as an indicator of source, prior to Southbound's use of the name "Shorebilly Brewing Company."

B. Infringement

Teal Bay claims that Southbound committed trademark infringement (and unfair competition) by its use of the name "Shorebilly Brewing Company." However, even if Teal Bay had obtained valid trademark rights in the name "Shorebilly" at the time of Southbound's first use in commerce of the name "Shorebilly Brewing Company," the Court would find no trademark infringement. Nor would the Court find any valid unfair competition claim based upon Southbound's use of the name "Shorebilly Brewing Company."

To establish a trademark infringement or unfair competition claim based on Southbound's use of the name "Shorebilly Brewing Company," Teal Bay must prove that Southbound's use of the name

²⁷ Besides the consignment sales of about 90 t-shirts, Teal Bay had made a few small sales to friends and family, and gave away about 30 t-shirts at a community charity event.

was "likely to produce confusion in the minds of consumers about the origin of the goods or services in question." Rosetta Stone Ltd. v. Google, Inc., 676 F.3d 144, 153 (4th Cir. 2012)(quoting CareFirst of Md., Inc. v. First Care, P.C., 434 F.3d 263, 267 (4th Cir. 2006)).

The question of infringement presents "an inherently factual issue that depends on the facts and circumstances in each case." Id. (quoting Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc., 43 F.3d 922, 933 (4th Cir. 1995)).

Under Fourth Circuit precedent, there are at least nine factors generally relevant to guide this factual inquiry:

(1) the strength or distinctiveness of the plaintiff's mark as actually used in the marketplace; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the markholders; (5) the similarity of advertising used by the markholders; (6) the defendant's intent; (7) actual confusion; (8) the quality of the defendant's product; and (9) the sophistication of the consuming public.

Id. (quoting George & Co., 575 F.3d at 393). The factors are neither exhaustive nor mandatory, and the relative weight of each factor may vary with circumstances. Id.

Teal Bay contends that it has proven forward and reverse confusion. Although the United States Court of Appeals for the

Fourth Circuit has not yet recognized a reverse confusion claim,²⁸ the Court will address both theories.

1. Forward Confusion

Forward confusion occurs when consumers mistakenly think that a junior²⁹ user's goods or services are from the same source as the senior user's goods or services. Thus, in the instant case, there would be forward confusion if customers mistakenly purchased Southbound's Shorebilly Brewery products thinking that they were buying from Teal Bay.

²⁸ Dick's Sporting Goods, Inc. v. Dick's Clothing & Sporting Goods, Inc., 188 F.3d 501 (table), 1999 WL 639165, *12 (4th Cir. 1999) ("To date, this Court has not adopted the doctrine of reverse confusion."). There are, however, district courts in the Fourth Circuit that have applied a reverse confusion theory. See Coryn Grp. II, LLC v. O.C. Seacrets, Inc., 868 F. Supp. 2d 468, 468 (D. Md. 2012)(applying the doctrine of reverse confusion when reviewing a jury verdict finding a likelihood of confusion); Buzz Off Insect Shield, LLC v. S.C. Johnson & Son, Inc., 606 F. Supp. 2d 571 (M.D.N.C. 2009) (applying reverse confusion theory). It has also been applied in PTO proceedings. See, e.g., American Hygienic Laboratories, Inc. v. Tiffany & Co., 12 U.S.P.Q.2d 1979, 1989 WL 274397 (T.T.A.B. 1989); In re Shell Oil Co., 992 F.2d 1204, 26 U.S.P.Q.2d 1687 (Fed. Cir. 1993).

²⁹ The Court, for purposes of the instant discussion, assumes – contrary to its finding – that Southbound can be viewed as the junior user vis-à-vis Teal Bay of the use in commerce of the word "shorebilly."

a. Strength of Mark as Used

"In evaluating the strength of a mark, it is useful to consider two separate categories of a mark's strength: (1) conceptual strength: the placement of the mark along a spectrum focusing on the inherent potential distinctiveness of the term; and (2) commercial strength: the marketplace's recognition as of the time the mark is asserted in litigation." Renaissance Greeting Cards, Inc. v. Dollar Tree Stores, Inc., 405 F. Supp. 2d 680, 690 (E.D. Va. 2005). The key to this factor is to determine whether the mark is strong enough - either because it is distinctive or because it is successful, or both - for a prospective purchaser to associate it with a particular source. Id.

Even if Teal Bay were found to have had a valid trademark, the Court would find the mark to be extremely weak. Prior to Teal Bay's use of "shorebilly," the word was used in the Ocean City area for commercial purposes by others. See Coryn Grp. II, LLC v. O.C. Seacrets, Inc., 868 F. Supp. 2d 468, 485 (D. Md. 2012)("Evidence that third-parties use the mark undermines the conceptual strength of a mark."), Pizzeria, 747 F.2d at 1531 ("The greater the number of identical or more or less similar trade-marks already in use on different kinds of goods, the less is the likelihood of confusion." (internal quotations omitted)).

Teal Bay did not have any realistic degree of commercial success using the proffered mark. The court evaluates commercial strength using the Perini factors:

(1) the plaintiff's advertising expenditures; (2) consumer studies linking the mark to a source; (3) the plaintiff's record of sales success; (4) unsolicited media coverage of the plaintiff's business; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the plaintiff's use of the mark.

George & Co., 575 F.3d at 395 (quoting the factors identified in Perini Corp. v. Perini Const., Inc., 915 F.2d 121, 125 (4th Cir. 1990)). As discussed above, Teal Bay had only a few sales and spent virtually nothing on advertising and promotion. It had no media coverage and was virtually unknown. Nor has Teal Bay demonstrated any realistic potential for commercial success.

The weakness of Teal Bay's "Shorebilly" mark weighs against a finding of likelihood of confusion between Teal Bay's Shorebilly t-shirts and Southbound's Shorebilly Brewing Company or its products.

b. Similarity of Marks

In assessing the similarity of the marks, the court focuses on "whether there exists a similarity in sight, sound, and meaning which would result in confusion." George & Co., 575

F.3d at 396. Whether the similarity in the use of the word "shorebilly" is confusing is based upon how the marks are actually used in the marketplace. CareFirst, 434 F.3d at 267.

The only similarity between Teal Bay's use and Southbound's Shorebilly Brewing Company is the inclusion of the word "shorebilly." However, Southbound, in commerce,³⁰ generally used the term combined with Brewing Company or with Beer and used no graphic remotely similar to that used by Teal Bay. The Court finds the "similarity" factor to weigh against a finding of likelihood of confusion.

c. The Similarity of Goods

"[T]he goods in question need not be identical or in direct competition with each other." George & Co., 575 F.3d at 397. Teal Bay identifies itself as a clothier, while Southbound is a restaurant proprietor. The parties are not in competition with each other. Southbound, as is customary for many restaurants, sold t-shirts bearing the company logo. Although Teal Bay sought to sell t-shirts in the same city as Southbound, the Court does not find any indication that a customer who bought a Shorebilly Brewing Company promotional t-shirt would be likely

³⁰ On occasion the word "shorebilly" alone was used by Facebook fans or at the bottom of an invoice.

to think that the source was Teal Bay, the producer of totally dissimilar t-shirts that did not refer to the brewing company.

The "goods similarity" factor does not at all weigh in favor of a likelihood of confusion.

d. Similarity of Facilities

The likelihood of confusion will increase if both companies' goods are sold in the same sales channels, i.e., the same class of consumers in the same context. Renaissance, 405 F. Supp. 2d at 696. Both Teal Bay and Southbound were marketing to tourists and to local consumers in Ocean City. However, Southbound sold its t-shirts only at its bar/restaurant on the Boardwalk such that its t-shirts were strongly identified with the brewery. Teal Bay, in contrast, prior to the time of Southbound's first use in commerce of the name "Shorebilly Brewing Company," only had a few t-shirts on consignment in a single location in Ocean City, a Shell gas station. There was, in reality, no similarity in the facilities at which the parties sold their respective products.

This factor weighs against a finding of likelihood of confusion.

e. Similarity of Advertising

When comparing advertising, courts consider “the media used, the geographic areas in which the advertising occurs, the appearance of the advertisements, and the content of the advertising.” Putt-Putt, LLC v. 416 Constant Friendship, LLC, 936 F. Supp. 2d 648, 658 (D. Md. 2013)(citing CareFirst, 434 F.3d at 273).

Shorebilly Brewery had media coverage, advertising, promotional marketing, multiple websites, a Facebook page, and a physical location on the Boardwalk in Ocean City. All of Southbound’s promotional materials, including the t-shirts, were promoting its brewery and its beer. In contrast, prior to the time of Southbound’s first use of “Shorebilly Brewing Company” in commerce, Teal Bay had little, if any, advertising and promotion.

The similarity of advertising factor does not at all support there being a likelihood of confusion.

f. Defendant’s Intent

“The intent of a junior user is relevant only if the junior user intended to capitalize on the good will associated with the senior user’s mark.” CareFirst, 434 F.3d at 273.

The Court finds that Southbound (if assumed to be a junior user) had no intent to capitalize on Teal Bay's reputation or good will, to the extent that there was any.

The Court finds that Southbound's intent does not support a finding of a likelihood of confusion.

g. Actual Confusion

"Relevant confusion is that which affects the purchasing and selling of the goods or services in question." Sterling Acceptance Corp. v. Tommark, Inc., 227 F. Supp. 2d 454, 464 (D. Md. 2002).

To try to establish actual confusion, Teal Bay presented testimony of two individuals who stated that they were confused about whether there was a relationship between Teal Bay and the Shorebilly Brewery, evidence of telephone calls to Mrs. Rogerson asking about the brewery's location or hours, and examples of a few in-person comments made to Mrs. Rogerson indicating some confusion about whether there was an affiliation between Teal Bay and Shorebilly Brewery.

Teal Bay presented no evidence of any confusion regarding a purchasing decision on the part of any potential customer for t-shirts or nano-brewery products. Hence, the actual confusion

factor does not weigh in favor of finding a likelihood of confusion.

h. Quality of Defendant's Product

The parties agree that the quality of the products is not a relevant factor to the Court's analysis in this case.

i. Sophistication of Consumers

The parties agree that the sophistication of consumers is not a relevant factor to the Court's analysis in this case because the consuming public is the public-at-large.

j. Resolution

The Court finds that Teal Bay has failed to prove that Southbound's use of the name "Shorebilly Brewing Company" is likely to cause confusion among consumers. Indeed, the evidence establishes that there is no likelihood that any potential customer would be misled to purchase a t-shirt (much less food and drink) from Southbound thinking that Teal Bay was the source.

2. Reverse Confusion

What has been referred to as “reverse confusion” occurs when a large junior user³¹ saturates the market with a trademark similar or identical to that of a smaller, senior user. A & H Sportswear, Inc. v. Victoria’s Secret Stores, Inc., 237 F.3d 198, 228 (3rd Cir. 2000). The result is that the public comes to assume that the senior user’s products are really the junior user’s. Id. This would occur if customers would be likely to mistakenly purchase Teal Bay’s Shorebilly t-shirts believing they were doing business with Southbound’s Shorebilly Brewery or believed that Teal Bay’s products were infringing on Southbound’s rights.

Because the factors regarding likelihood of confusion for reverse confusion purposes are largely the same as for forward confusion, the Court addresses only those factors where the analysis differs.

a. Strength of Mark

In a reverse confusion context, courts continue to review the conceptual strength of the senior user’s mark but consider

³¹ The Court, for purposes of the instant discussion, assumes – contrary to its finding – that Southbound can be viewed as the junior user vis-à-vis Teal Bay of the use in commerce of the word “shorebilly.”

the commercial strength of the junior user's mark. A & H Sportswear, 237 F.3d at 229-32. The commercial strength of the junior user's mark is what is more likely to lead to reverse confusion, because it is likely that the consumer's first experience with the mark was with the junior user. Id. at 231. This is especially true if the defendant with a stronger mark has more advertising and promotion. Id.

In the instant case, Southbound invested in advertising and promotion of the Shorebilly Brewery and received a fair amount of media coverage, especially related to the new micro-brewery and the grand opening. Southbound's mark was certainly commercially stronger than Teal Bay's. It is more likely that consumers would have become aware of the "Shorebilly" mark from Southbound's use than from Teal Bay's. This is typical in a reverse confusion situation.

Accordingly, the factor of the relative strength of the marks would tend to support an ultimate finding of reverse confusion. But, as discussed herein, this factor is totally outweighed by the other factors refuting the existence of any reverse confusion.

b. Intent of Defendant

In a reverse confusion context, it is relevant "whether the junior user adopted the infringing mark knowing, or recklessly disregarding, the senior user's mark—not whether the junior user intended to trade on the senior user's goodwill and reputation." Coryn Grp. II, 868 F. Supp. 2d at 487-88. As discussed above, Southbound was aware of Teal Bay's trademark application, as it was aware of other uses of the "shorebilly" term in the region. Prior to Southbound's first use in commerce of the name "Shorebilly Brewing Company," Teal Bay was doing little, if anything, more than offering a few t-shirts for sale at a Shell station and out of the trunk of an automobile.

The evidence establishes that Southbound had absolutely no desire to utilize the name "Shorebilly Brewing Company" in order to gain some benefit from any goodwill and reputation that Teal Bay may have had.

The defendant's intent factor weighs strongly against a finding of an actionable reverse infringement claim.

c. Actual Reverse Confusion

In the reverse confusion context, the nature of actual confusion differs, i.e., consumers mistakenly think that the senior user's product is the junior user's. A & H Sportswear,

237 F.3d at 233. While this type of confusion may be most relevant, all evidence of confusion should be taken into account. Id.

To try to prove reverse confusion, Teal Bay presented testimony about misdirected telephone calls and comments indicating confusion about whether the Rogerson's owned the brewing company. There is, however, no evidence indicating that consumers believed that Southbound was the source of Teal Bay's Shorebilly t-shirts, or that consumers doing business with Teal Bay mistakenly believed they were doing business with Southbound. Moreover, it is unlikely in the extreme that any consumer buying a Teal Bay t-shirt would believe, or even contemplate, that Southbound - selling promotional t-shirts bearing the Shorebilly Brewing Company name and logo - would be the source of t-shirts having no reference to its business and presenting a totally different logo.

The absence of evidence of actual confusion weighs heavily against a finding of reverse confusion.

d. Resolution

The Court finds that, even if the United States Court of Appeals for the Fourth Circuit were to recognize an action for

reverse confusion, Teal Bay has failed to establish a reverse confusion claim.

IV. CONCLUSION

For the foregoing reasons, the Court decides that:

1. Plaintiff Teal Bay, LLC has failed to prove any of its claims asserted against Southbound One, Inc. by a preponderance of the evidence.
2. The Court shall, by separate Order, direct that the United States Patent and Trademark Office cancel Teal Bay Alliances, LLC's Shorebilly Trademark Registration No. 4,042,880.
3. The Court shall address the award of costs, including fees, to Defendant, in a Memorandum and Order issued herewith.
4. Judgment shall be entered by separate Order.

SO DECIDED, on Monday, January 26, 2015.

/s/_____
Marvin J. Garbis
United States District Judge